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Omnibus Budget Conference Committee Actions Summary

The following Division of Health Policy and Finance and Kansas Health Policy Authority items appear in the budget agreed upon by the Omnibus Budget Conference Committee on May 5, 2006:

- 1) **Business Health Partnership:** The \$500,000 SGF that was in SB 480 for the program was deleted by the Budget Conference Committee. There is effectively no funding remaining for the Business Health Partnership.
- 2) **Enhanced Care Management:** The GBA shifting funds from “regular medical” into “medical administration” was accepted for FY 2006 in the amount of \$554,000 SGF, but not for FY 2007. Approximately \$300,000 SGF remains in “regular medical” for FY 2007, but will need to be shifted to “medical administration.” We have been advised by the Budget Office and KLRD that the location of the funds will be brought up as a subject for “cleanup” in the near future.
- 3) **Title XIX and Title XXI Dental Proviso:** The attempt by the House to prohibit any change from the current dental service contracts in FY 2007 by proviso failed. Instead, the Budget Conference Committee settled for directing the KHPA to conduct a study on fee-for-service vs. managed care with regard to Medicaid and SCHIP dental.

“...(j)...expenditures may be made by the Kansas health policy authority...to provide a report to the joint committee on health policy oversight prior to March 1, 2007, regarding the status of the title XIX and title XXI dental programs: Provided, That the agency shall make recommendations for the long-term policy direction for the title XIX and title XXI dental programs regarding whether these programs will be administered as managed care or as fee-for-service programs...”

- 4) **Kansas Legal Services:** Funding included in the GBA was approved. Now the KHPA has \$975,000 all funds included in its budget, an increase of \$150,000 over the amount of funding for FY 2006. At the same time any unspent funds left in the SRS budget for the Kansas Legal Services contract will be transferred to KHPA.
- 5) **Rx Rebate Study Proviso:** KHPA will study rebates for the state pharmaceutical purchasing plan, including the possibility of increased rebates for generic products, in FY 2007.

"...(c)...expenditures may be made by the Kansas health policy authority ... to study rebates for the state pharmaceutical purchasing plan, including the possibility of increasing rebates for generic products, in light of the consolidation of state purchasing under the Kansas health policy authority: Provided, That the Kansas health policy authority shall conduct a survey of Kansas retail community pharmacies or utilize a recently conducted national survey of a statistically relevant sample of pharmacies, to determine the cost of dispensing pharmaceutical products and services within the Kansas medicaid program: Provided further, That such study shall be conducted on or before September 30, 2006: And provided further, That the Kansas health policy authority shall present the cost of dispensing survey, analysis and recommendations of the Kansas health policy authority to the joint committee on health policy oversight on or before November 30, 2006..."

- 6) **Inspector General:** The \$75,000 SGF that was originally included in the KHPA budget FY 2007 was deleted.
- 7) **Presumptive Eligibility:** There was \$750,000 SGF included in SB 480 and a proviso added that prevents spending to implement presumptive eligibility prior to April 1, 2006. That amount was reduced to \$347,699 SGF. This will cover the necessary funding for system changes [\$97,699 SGF] and fund the program for the ¼ of FY 2007 remaining after the April 1, 2007 date of implementation. The proviso also requires KHPA to report by the beginning of the 2007 session about the implementation plan and cost of implementing presumptive eligibility.

"(k)...to be presented on or before the first day of the 2007 regular session of the legislature to the house committee on appropriations and the senate committee on ways and means regarding the implementation of presumptive eligibility...Provided, that the report shall include a detailed description of the plan for the implementation at both the state and provider level, as well as the anticipated number of children served and the cost of providing services under this program: Provided further, that no expenditures shall be made to implement the program prior to April 1, 2007."

- 8) **Healthy Kansas First Five:** There is no funding included in the budget for this program.
- 9) **Estate Recovery Proviso:** The proviso would allow the KHPA to enter into a three-year contract for a pilot project for efficient and effective estate recovery services. The services provided in this contract would serve to enhance the state's existing Estate Recovery Unit.

"...(f)...expenditures may be made by the Kansas health policy authority...to enter into a three-year contract for a pilot project for efficient and effective medicaid estate recovery services with a provider who is qualified and experienced in the area of medicaid estate recovery for state government and who is currently involved in medicaid estate recovery or medicaid third-party liability recoveries for Kansas: Provided, That, reimbursement for such contract shall be on a contingent fee basis: Provided further, That the Kansas health policy authority shall report to the legislature prior to February 1 of each year during such pilot project on the results of the medicaid estate recovery pilot project and the distribution of medicaid estate recovery collections by county...."

10) **Personal Needs Allowance:** A proviso was inserted requiring the KHPA to increase PNAs to at least \$50 / month for FY 2007 and to \$60 a month in FY 2008. The statutory requirement for the state Medicaid agency to make these changes in the personal needs allowance appears in SB 62.

11) **Drivers License / State ID Requirement Proviso:** This proviso was inserted when the Senate's push to require state issued photo IDs at every point where Medicaid beneficiaries received services failed. As a result, the Conference Committee inserted a proviso that requires the KHPA to conduct a study on the issue.

“(c)...expenditures may be made by the Kansas health policy authority...to study (1) the implementation of a requirement that each medicaid consumer present a Kansas current resident driver's license, state-issued identification card or a federally-issued passport at the time such consumer receives medicaid services, (2) the development of rules and regulations to address the need for third parties to access services for consumers under the state medicaid plan, (3) the development of hardship criteria and a process for paying for a driver's license or state-issued identification card for hardship-qualifying medicaid consumers with state funds that are matched at the highest allowable federal rate, and (4) the feasibility of implementing a plastic card with photo identification to access benefits under the state medicaid plan: And provided further, That the Kansas health policy authority shall report the results of such study to the legislature on or before January 1, 2007...”

12) **Specialty Hospital Study Proviso:** The KHPA shall conduct a review and study of the issues relating to specialty hospitals and Kansas hospital licensure laws, and prepare and adopt recommendations concerning these issues prior to January 1, 2007.

“(i)...expenditures may be made by the Kansas health policy authority...to conduct a review and study of the issues relating to specialty hospitals and a review and study of the Kansas hospital licensure laws and to prepare and adopt recommendations concerning these issues and, in particular, appropriate definitions for "general hospital," "special hospital" and "specialty hospital" so that the definitions under the Kansas hospital licensure laws properly define specific categories of hospitals for licensure as necessary to reflect current medical facilities: Provided, That the Kansas health policy authority shall complete such review and study of such matters and adopt recommendations thereon prior to March 1, 2007, and shall submit a report on all such matters to the legislature during the 2007 regular session...”

13) **Abortion and Employee Health Plan Proviso:** The House stated that the intent of the proviso is to tighten up the definition of “life of mother at risk” rather than to take out the provisions that allow for coverage of abortion in cases of rape or incest. At least one deviation from current Health Plan policies is underlined below.

“(o) No moneys appropriated from the state general fund or any special revenue fund for the fiscal year ending June 30, 2007, by 2006 Senate Bill No. 480 or by this or any other appropriation act of the 2006 regular session of the legislature shall be expended under the state health care

benefits program, K.S.A. 75-6501 et seq., and amendments thereto, to provide health insurance coverage for any medical procedure which is intended to result in the termination of a pregnancy other than by live birth, except in a case of (1) termination of a tubal pregnancy, (2) termination of a pregnancy where the life of the mother would be endangered if the fetus were carried to term, or (3) termination of a pregnancy resulting from rape or incest prior to the eighth week of pregnancy...”

- 14) **Presumptive Medicaid Disability Determination / MediKan:** For FY 2007 \$781,043 SGF was inserted into the budget via proviso and amounts to \$1,562,086 all funds which is sufficient to implement the program fully in FY 2007. The language below states that the MediKan program will continue until March 1, 2007.

“...(g)...expenditures may be made by the Kansas health policy authority...expenditures shall be made by the Kansas health policy authority for fiscal year 2007 from the moneys appropriated from the state general fund or any special revenue fund during the period beginning July 1, 2006, and ending March 1, 2007, to continue MediKan eligibility for those new applicants and current recipients during such period that are found not to meet the criteria established for the presumptive disability determination process established by the Kansas health policy authority, but who otherwise meet the general assistance eligibility criteria: Provided, That, in addition to the other positions within the Kansas health policy authority in the unclassified service as prescribed by law, expenditures shall be made from the operating expenditures account of the state general fund for two employees in the unclassified service to implement the provisions of this subsection.”

- 15) **State Employee Benefits Plan Mail-Order Rx / Retail Rx Pricing Proviso:** Deleted. Since the proviso existed in SB 480, a proviso to repeal the original had to be included in the Omnibus bill.

- 16) **Health Connector Proviso:** The KHPA shall study the Massachusetts commonwealth health insurance connector program and provide a report to the 2007 legislature on the feasibility of implementing a similar plan in Kansas. This issue arose from the discussion about the Business Health Partnership.